

ing officers of the American Federation of Labor, while expressing satisfaction over the sweeping decision, refused to authorize any statement in advance of a final study of the findings of the court. They were particularly interested in that section of the opinion which held that the treasury of labor organizations could be held liable for damages caused by labor unions.

Discussing the object and demands of the United Mine Workers of America and the government of the organization between conventions for the purpose of determining whether organized labor, although unincorporated, may be sued, Chief Justice Taft reviewed in detail its strike rules and other matters bearing on the question.

Unity of Action.

"No organized corporation has greater unity of action," he declared, "and in mine is more power centered in the governing executive bodies."

At common law, it was pointed out, an unincorporated association of persons was not recognized as having any legal character other than a partnership to be sued or to sue in the name of its members whose liabilities had to be enforced against each member.

But the growth and necessities of these great labor organizations have brought affirmative legal recognition of their existence and usefulness and provisions for their protection which their members have found necessary," the Chief Justice continued. The rights of labor unions to maintain strikes, he declared, their protection against depositions in statutory arbitration and before official labor boards and the adaptability of equitable procedure to modern needs required the recognition of their legal character as having all the effect of a corporation.

"Out of the very necessities of the existing conditions," he added, "and the utter impossibility of doing justice otherwise, the law has been forced to recognize an organization as this has come to be recognized in some jurisdictions, and many suits for and against labor unions are reported in and out of the courts. It is the duty of the law to treat them in the closely united action and functions as artificial persons, capable of suing and being sued."

Discussion of Power.

"It would be unfortunate," the court said, "if an organization with as great a power as this international union of miners could conduct funds and in directing the conduct of 400,000 members in carrying on in a wide territory industrial controversies and strikes, out of its own treasury, without any private rights to be used therein free from liability for injuries by torts committed in course of such conduct. It is the duty of the law to treat them in the closely united action and functions as artificial persons, capable of suing and being sued."

The recognition of trade unions by the Clayton act and other Federal legislation also required, the court declared, that labor unions should be held to be sueable in the Federal courts.

Analysis of Strike Features.

The court exhaustively analyzed the strike developments and directions to determine whether the international union authorized, directed or participated in the strike. It found that the evidence to warrant holding either the international union or its officers, with regard to district No. 21 and its officers equal care to the other districts, was bearing upon the question whether its acts were aimed to restrain interstate commerce.

One of our findings that District No. 21 and the unions are sueable," the Chief Justice said, "we cannot yield to the argument that it would be necessary to show the guilt of every member of District No. 1 and of each union member in order to hold the union and its strike funds to answer. District No. 21 and the local unions were engaged in a strike to which the union and its officers were instrumental for accomplishing the purpose for which their members were organized.

The annual conference entered into between the international union and the central competitive field operators, owners of union mines, and all other charges made that the strike was a part of a scheme to restrain interstate commerce, were discussed by the court, with the conclusion that "it was a local strike within the meaning of the international union, and that the union and its officers were instrumental for accomplishing the purpose for which their members were organized.

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BIG STEEL MERGER IS CALLED UNFAIR

Bethlehem - Lackawanna Combination Attacked by Trade Body.

REPLY TO LA FOLLETTE Action Taken, It Is Explained, Is Not Final Judgment.

OTHER MERGERS COME UP Midvale-Republic Referred To by Federal Commissioners.

WASHINGTON, June 5.—The Federal Trade Commission has issued a formal complaint against the Bethlehem Steel Corporation and the Lackawanna Steel Company charging they have been and are using unfair methods of competition. The complaint grows out of the merger recently effected by the two companies.

The commission made this announcement today in a report to the Senate in response to the recently adopted resolution of Senator La Follette (Wis.), directing inquiry into the merger by the commission and the Department of Justice.

Stating that it had the proposed merger of steel companies under observation prior to Senate action on the La Follette resolution and had followed closely developments along that line, the commission in its report said it now had "reason to believe, in the language of its constituent act, that the proposed Bethlehem-Lackawanna merger when consummated will constitute an unfair method of competition in that it contains a dangerous tendency unduly to hinder competition and to restrain commerce and that a proceeding by the commission in this respect is in the public interest."

The commission emphasized, however, that the issue of the complaint pressed no final judgment on the legality of the Bethlehem-Lackawanna merger. That is a question, the commission said, to be determined after hearing of the two companies on July 24.

The commission also referred to the pending merger of the Midvale Steel and Ordnance Company, the Republic Iron and Steel Company and the Inland Steel Company, but said it "has not yet been able to reach a reason to believe either that the proposed three company merger will not restrain commerce and unduly hinder competition, or that the same tendency and capacity as in the case of the Bethlehem-Lackawanna merger."

"The details of this plan, however," the commission added, "are being carefully followed and so soon as the committee is in possession of sufficient information it will make further report to the Senate as to the second of these proposed mergers."

McCUMBER DROPS SUE FOR BONUS BILL'S ENTRY

Continued from First Page.

erise his veto power if the Senate sends to him the measure which he has repeatedly condemned.

The correctness of this statement was not challenged by even the most ardent bonus Senators, whose sole concern is to get themselves on record in favor of granting Government cash for able bodied ex-service men in order to win their political favor.

Another statement made by the Senator was that the President would publicly announce his determination to veto the McCumber bill unless the reports reflecting on his motives were discounted. This President has preserved characteristic patience in discussing the plans of Senators and Representatives who attach unwarranted importance to the political powers of the American Legion. He has done so because of his sympathy for any movement designed to relieve the needs of men who served the country in the world war and with any project to prove the gratitude of the Government and people.

Provision for Disabled.

Having these things in mind, the President has, and will continue to insist, that the Government make the most generous provision for the maimed, sick and disabled soldiers. Every measure of this description has received his fullest approval. The Government has already expended more than \$1,800,000,000 in providing for disabled veterans, and the annual appropriations for the purpose exceed any other item in the national budget.

Every Senator and Representative who has discussed the bonus with the President knows of his sympathy for the disabled veterans. They also know that if the financial conditions of the country permitted it he would approve a measure to give a bonus to such service men as are now demanding it.

The President has made it unmistakably clear that the country is not in a condition to justify such extravagance without imposing a stupendous burden of taxation. He has fully set forth reasons to justify his opinion in this respect in written communications to Congress and oral statements to Senators and Representatives.

President's Patience Taxed.

There is a pronounced feeling among members of Congress that the President's patience has been severely taxed by the repetition and wholly unjustified predictions that he would ultimately be brought to accept a bonus bill that falls far short of the conditions set up by him. His reply to suggestions that he publicly declare his purpose to veto the McCumber or any other measure that does not meet these conditions was that he did not want to be put in the attitude of interfering with legislation or to assume

J. L. PHILLIPS HELD IN WAR PRISON CASE

Chairman of Georgia Republican State Committee Is Arrested.

TIMBER DEAL INVOLVED It Is Alleged He Conspired to Get Commissions and Rebates.

Special Dispatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., June 5.

John L. Phillips, lumberman and chairman of the Republican State Committee of Georgia, was arrested here today on a warrant in connection with an alleged conspiracy to defraud the Government in post-war lumber transactions and released on \$25,000 bail.

Attorney-General Daugherty made public to-night an affidavit of Marcus Borchardt, Special Assistant Attorney-General upon which Commissioner Hitt issued a warrant for Phillips' arrest. The affidavit recites the manner in which Phillips is alleged to have conspired with others to dispose of surplus lumber supplies at the end of the war by methods which it is alleged would have meant a loss to the Government of more than \$1,000,000.

Phillips claimed the charges as "old stuff" and said they were made to "demoralize propaganda." He said he believed the charges also were an outgrowth of the exposure of Representative Woodcock (Mich.) and Senator (S. D.) of inaction by the Department of Justice in war fraud prosecutions.

When the warrant was issued for Phillips' arrest he was in Philadelphia. He is head of the firm of Phillips & Stephens of Philadelphia, Pa., with a branch office in Washington, D. C. Phillips is also a partner in a firm in Washington as Jones is heard the warrant for him had been issued.

The affidavit states that upon the signing of the armistice in November, 1918, the Government took an inventory of surplus materials purchased for the war, which showed more than a hundred million feet of lumber on hand.

There was a meeting of a board of officers composed of the War Department and the War Industries Board with representatives of the lumber industry. The lumbermen protested against a sale of surplus lumber by the Government directly to dealers and consumers on the ground it would result in an unfair depression of prices.

It was finally agreed that the lumber should be sold through organized associations of the lumber industry already established and that John L. Phillips and John Stephens should be recognized by the War Department as the representatives of the industry. They were authorized to dispose of the surplus lumber or any part of it which would not be needed by the War Department in such way as to protect the lumber industry and the interests of the United States.

It was proposed that Phillips and Stephens should not receive any commission on the sale of the lumber, according to the Government's affidavit, beyond a 12 per cent. commission.

This agreement between the Government and the lumber industry was put in writing, dated February 25, 1919, and signed by Phillips and Stephens and on behalf of the Government by C. W. Harbo of the War Department.

The affidavit alleges that Phillips and Stephens "unlawfully and feloniously have conspired, combined, confederated and agreed together" with unknown persons to defraud the United States by conducting these sales in their own personal interests. It is alleged that operations were neither in the interest of the United States nor in the interest of the lumber industry and the Government of the United States stands "to lose more than \$1,000,000."

Instead of disposing of the surplus lumber through the ordinary channels of the lumber trade, it is alleged Phillips and Stephens entered into secret agreements with persons who were not in the lumber business and who were to sell the lumber at prices much below the market price on terms that would give Phillips and Stephens large personal rebates and commissions.

The affidavit states that Phillips and Stephens secretly agreed "to bribe certain Government officials" who were responsible for the sale of the lumber and to corruptly influence the reports which they made to the Government.

The affidavit cites the following letter, which it alleges Phillips and Stephens sent to the investigation of Phillips:

May 2, 1919.

WASHINGTON, D. C.

MR. ROLAND PERRY:

In consideration of your having furnished information relative to purchase and sale of our services in aiding us purchase from Phillips & Stephens approximately four million feet of surplus lumber, we hereby agree to supply information as to how and where to sell the lumber at a profit and your agreement to serve us in connection with the shipment and our efforts to obtain a large order to one-half of your time, we agree to pay you \$2 per 1,000 feet; upon all lumber sold and purchased by us in lieu of salary and traveling expenses we will pay you full compensation for your services.

YOURS TRULY,

METROPOLITAN LUMBER CO.

A. A. Henry is president of the company and signed the letter as such.

HARDING SUPPORTS SENATE ARMY BILL

Urges Retention of Provisions for Officers, Enlisted Personnel and Guard.

HOUSE GRANTS TOO SMALL Fears Impairment of Entire Defense System Through Lack of Funds.

WASHINGTON, June 5.—President Harding in a letter to-day to Chairman Warren of the Senate Appropriation Committee urged retention in the army appropriation bill of provisions for officers, enlisted personnel and National Guard voted by the Senate and opposed the smaller provisions of the House bill.

"I feel," he wrote, "that the development of our national defense system under the national defense act is of the utmost importance, and I am satisfied that the allowances made by the Senate represent the minimum under which even the most conservative and modest program of development is possible."

The President's letter was received at the Capitol simultaneously with the beginning of the conference between House and Senate delegations on the bill and served to bolster the Senate conferees who went into the negotiations backed up by a two to one vote of their body for the larger army.

Mr. Harding expressed the fear that it would result in denying the benefits of the training and progress of the whole defense system would seriously be impaired. He said that this particularly was so because the House bill would deprive the National Guard of the National Guard. The House provision, the President said, was so small that it would result in denying the benefits of summer training to many of the guard and he therefore supported the Senate item of \$5,000,000 as against the House provision of \$3,500,000.

"Provision for training a limited number of reserve officers also is essential," Mr. Harding declared, "if anything is to be made of that branch."

Secretary of War Duggan said the regular establishment must supply not only the officer personnel it needs but provide officers for the more important duties in connection with the development of the National Guard, the organized reserve and the system of voluntary military training. He asserted that the number proposed by the House was too low to permit this.

With reference to the Officers Reserve Corps, the President recalled that the Republican party had promised in 1909 to aid in the development of that branch of the service, and said that he felt it necessary to begin now the task of replacement of officers in the army, since most of the war veterans and of necessity will be unavailable in a few years.



Cigarette

It's toasted. This one extra process gives a rare and delightful quality—impossible to duplicate.

Guaranteed by The American Tobacco Co.

You Don't Have to Wonder When the Ice Man Will Be There

Provided it be the Knickerbocker Ice Man. For you can know that he will be there—before the ice runs too low—before there is a chance for things to spoil—before the butter melts—and before cook's temper gets hot. And you can know that the Knickerbocker Ice he brings is absolutely pure—is made from filtered water and frozen with even more scrupulous care than cream is frozen in your home freezer.

Knickerbocker Ice is pure at the source—pure in the making and pure and clean when delivered to your refrigerator straight from one of Knickerbocker's 21 plants.

Knickerbocker ICE Company

Conserving the HEALTH of New York

PEERLESS TOWEL SUPPLY COMPANY

PHONE MAIN 572

MAHONGON clock with night dial. Waltham movement \$32.

SUGGESTIONS are easy to make but at Ovington's they are also easy to take. For there are literally hundreds of gifts in an almost self-selecting arrangement waiting for you. Fixed price tables begin at \$5.

OVINGTON'S The Gift Shop of Fifth Avenue FIFTH AVENUE AT 39TH ST.

New York Likes This Milk. Never has a new product for home use met with such a welcome.

ROGERS RICHEST MILK Packed To Order. In Glass.

Not only insured against impurity, but an extra rich milk for every home use.

At R. H. MACY & CO., Broadway and 34th St.

THE GREAT WALL That marvel of defence, the Great Wall of China, was over 1500 miles long.

It was built in about ten years by laborers subsisting almost entirely on vegetables.

Although more than 2,000 years old, much of this massive structure still remains—

Excellent Suburban Real Estate in WESTCHESTER LONG ISLAND CONNECTICUT NEW JERSEY and other localities

Advertised Every Day in The New York Herald

RESENTS DIPLOMATS' TARIFF DICTATION

Continued from First Page.

compelled to impose high rates on American products, Senator Watson said this was a threat that if "we put up our tariff and did not buy from them they will cease to buy from us."

"I have other quotations from the speeches of the Ambassador, which I shall not read," continued Senator Watson. "He further inveighed against our policy of prohibition. Whatever any one may think about it, it is our policy; we made it; we are responsible for it."

Replies to Democrats.

"Free trade!" exclaimed Senator Watson. "It goes hand in hand with internationalism, and the conditions of the League of Nations. The men who tried to get us into the League of Nations are the ones who are trying to defeat this tariff bill. They are the internationalists who react in opposition to it."

The Indiana Senator dwelt at length on speeches made by Democrats against other tariff bills, saying he could find no evidence of their opposition to the tariff. He said he was not sure if the Democrats now argue that if the tariff measure is passed it means ruin to the country's foreign trade. Mr. Watson said, and added that was the same argument in 1840 and at every opportunity since.

"They are still making the same speech," he went on. "They preach ruin to the country, and yet they are the ones who are trying to get us into the League of Nations. The men who tried to get us into the League of Nations are the ones who are trying to defeat this tariff bill. They are the internationalists who react in opposition to it."

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POTATO EMBARGO HERE CALLED OFF BY I. C. C.

Outerbridge Rebukes Hylan for 'Snap Judgment.'

The Interstate Commerce Commission in Washington served notice on the New York City Board of Trade to withhold the embargo on potatoes for New York City, which was to have become effective this morning, according to public officials here.

The action was taken after a hearing held at the instance of the Port Authority, which opposed the plan to dump potatoes out at the Manhattan Produce Yard in Kearny, N. J., eight miles from the city. The Port Authority was represented by Spencer Smith, vice-president of the Produce Exchange, and F. B. Cresson, chief engineer, and John E. Ramsey, chief statistician. The Interstate Commerce Commission told the railroad officials not to put on the embargo pending a thorough investigation by the commission's own experts.

Deputy Commissioner McShane of Mayor Hylan's Department of Markets argued that the hearing should be postponed in order that the city might have more time for the preparation of its case. He said he had been explained to Mr. McShane that the postponement would permit the embargo to take effect and much damage to be done he withdrew his request.

Eugene H. Outerbridge, chairman of the Port Authority, said this to say last night:

"It would be an excellent idea in the interest of good government and intelligent public opinion if the Mayor would refrain from issuing statements before he had discovered what the facts were. Public officials should correctly inform the people who have in most cases no other sources of information on public matters. The public should not be misled by erroneous allegations."

C. Lieper, superintendent of the New Jersey division of the Pennsylvania Railroad, issued a statement on behalf of the railroad that the order of the road issued because of a large quantity of perishable freight arriving in New York had overtaxed the facilities of the piers at which the potatoes are at present unloaded, and that because of the delay in unloading, the potatoes have to be notified that the railroad could not guarantee the delivery of such goods.

CHICAGO LABOR SCORES CORONADO CASE RULING

Olander Says It Hits Right of Voluntary Association.

Special Dispatch to THE NEW YORK HERALD, Chicago, June 5.—Chicago labor men, including Victor Olander, secretary of the Illinois State Federation of Labor and vice-president of the International Seamen's Union, and John Fitzpatrick, president of the Illinois Federation of Labor, indicated their disapproval of the Supreme Court decision in the Coronado case.

The right of voluntary association is the very foundation of modern civilization," said Mr. Olander. "If this theory is to hold good—the theory which has apparently been established in principle by the Supreme Court—it means that we can have no form of association or organization except by express sanction of the State."

Modern politics, religion and social life are endangered if that right is denied. In the case of trades unions this right is apparently denied under this decision."

It's another one of those big business decisions," said Mr. Fitzpatrick. "It won't have any bearing on the many unions that are affiliated with our group because we are always within the law."

\$1,100,000 UNION FUNDS TO GO TO COAL WORKERS

Release Expected Following Coronado Case Decision.

INDIANAPOLIS, June 5. (Associated Press.)—Hailed as a "great victory" by counsel for the United Mine Workers of America, the Supreme Court decision today in the celebrated Coronado coal case was expected to-night by union officials here to be followed soon by the release of \$1,100,000 of union funds now tied up in litigation.

The money, it was said, will be a welcome addition to the union's treasury, which has keenly felt the drain of financing a nationwide strike of workers in the coal industry, now in its third month. Union officials also felt elated over the legal questions decided. Aside from meaning the release of union funds, counsel for the miners' union regarded the Coronado decision as a precedent that would mean the failure of suits, already pending or threatened, for damages resulting from labor troubles. Further, the decision was described as ending the contention that the system of collective bargaining followed in the coal industry is a conspiracy of the union with operators of "closed shop" mines having as its purpose the suppression of trade in non-union produced coal.

TIN WAGES REMAIN SAME.

Special Dispatch to THE NEW YORK HERALD, ATLANTIC CITY, June 5.—As a result of the agreement between the representatives of the Sheet and Tin Plate Manufacturers Association and delegates from the Amalgamated Association of Sheet and Tin Workers, there will be no change in the wages of 35,000 or more operatives. The operatives receive from \$7 to \$10 a day, according to classification on a tonnage basis.

HIGHEST COURT REFUSES TO DEFINE QUIJA BOARD

WASHINGTON, June 5.—The Supreme Court to-day announced that it would not determine what is a quija board.

The question was presented in a case brought by the Baltimore Talking Board Company, which protested against taxation of such boards as sporting goods and insisted that should the court decide that the boards were a form of motor automatism, involving considerable subliminal action of intelligence, that it would at least classify the smaller boards as "children's toys."

The lower Federal courts sustained the Government's contention that the boards should be classed as sporting goods.

MONTANA COPPER CO. FILES IN BANKRUPTCY

Cleveland Dodge and Arthur C. James Among Creditors.

The Montana Consolidated Copper Company of 31 Wall street filed a voluntary petition in bankruptcy yesterday in the United States District Court. Cleveland H. Dodge and Arthur C. James are mentioned as creditors for \$8,900, and Clark, Dodge & Co., bankers of 31 Wall street, have claims of \$2,300.

Liabilities of the copper concern, which has been out of business for some time, are listed at \$75,500 and assets at \$115,350.

FOUND ANYTHING?

If so, see it if it is advertised in the Post and Found columns of to-day's New York Herald.

PHILIPS realized by Swift & Company sales of \$200,000, which were trebled by the court under the Sherman law. The award, affirmed by the Circuit Court of Appeals, was remanded to the Supreme Court for a new trial. The court found that the conspiracy was alleged by the American mine and coal operators to an outgrowth of the standard wage scale and hours of labor conferences held by labor leaders and the mine operators in the central competitive field, beginning in 1914 during which the mine owners had imposed upon them the importance of removing the competition of non-union mines. It was asserted that the operators had conspired to enforce a wage scale and hours of labor agreements could not be maintained. Union labor was called upon at these meetings. It was said to formulate a wage scale and hours of labor conference, and an agreement was reached by the company and the union.